

30/10/2001

RHB Bank continues support for SMI

RHB Bank will continue to extend financing to companies in the middle market and small- and medium-scale industries (SMI) to further stimulate growth in the sector.

Managing director Yvonne Chia said RHB Bank's continued support for the sector is in line with the Government's call to provide better terms and access to financing for SMIs under the recently launched economic stimulus package.

Prime Minister Datuk Seri Dr Mahathir Mohamad had, on September 25, announced the launching of a RM4.3 billion economic stimulus package to cushion the negative effects of an imminent global economic slowdown in the wake of the terrorist attacks on the US.

Chia pointed out that even in this time of anticipated economic slowdown, RHB Bank is prepared to stand by its clients and is ready to help them ride through the turbulence.

"In fact, given the anticipated dampening of the economy, we are also prepared to assist our clients in managing their cash flow as we did in the 1997/98 crisis," she said.

She pointed out that RHB Bank has been a prime supporter of the middle market and SMI sector in Malaysia since the early 1990s. RHB Bank was among the first financial institutions to specifically focus on providing financing to SMIs, and the first bank to introduce incentives such as the Visa Business Card for this sector.

The Visa Business Card, specially dedicated for business use, was introduced at the end of last year.

RHB Bank's support for the middle market and SMI sector is clearly reflected in the bank's healthy and consistent loan growth in the past few years. For the financial year ended June 2000, RHB Bank registered a 12 per cent growth in loans extended to the middle market and SMI sector. In the financial year ended June 2001, loan growth rose to 17 per cent.

"We also won the Credit Guarantee Corp (M) Bhd's Top Supporter Award for 1997, 1999 and 2000 and that is a further reflection of our commitment to the development of the middle market and SMI sector," Chia said.

In August, RHB Bank launched the Business Growth Package, the latest in its series of initiatives to help grow the middle market and SMI sector. Loans under this package are given out to companies that are involved in manufacturing, wholesale and retail trade and services.

Under the Business Growth Package, the loans given out are from a minimum of RM500,000 to a maximum of RM10 million. Borrowers can take the loan to purchase completed factories or shophouses for their own occupation, to be used as working capital or to refinance borrowings that had earlier been taken from other banks or finance companies for the purpose of purchasing assets.

The general manager of Enterprise Commercial Marketing, Yeoh Beng Hooi, said that under the Business Growth Package, borrowers would enjoy very competitive interest rates of as low as 4.25 per cent per annum.

The margin of financing is 85 per cent of the value of the property that has been pledged as collateral but this can be increased to 200 per cent if the borrower requires additional funds for working capital.

He said borrowers could opt to take the loans under Conventional Financing or Islamic Financing. Under Conventional Financing, the line of credit can be given out as term loan, overdraft, multi-trade Line, bank

guarantee or foreign exchange contract line. Under Islamic Financing, the loan is given out as Bai Bithaman Ajil, Islamic overdraft, Islamic multi-trade line and Kafalah bank guarantee.

The loan tenure is up to 15 years for the term loan and up to 10 years for the Bai Bithaman Ajil. The bank has also thrown in additional benefits such as pre-approved Visa Business Cards, pre-approved credit cards with free personal accident insurance for directors and key management staff as well as offers from other companies in the RHB Group. Among them are RHB Sakura Merchant Bank, RHB Leasing, RHB Insurance, RHB-Delta Finance, Rashid Hussain Securities and RHB Unit Trust Management.

To be eligible for loans under the Business Growth Package, Yeoh said, borrowers must show that their businesses have been profitable for at least three years, and that theirs is a viable Malaysian-owned business with shareholders' funds of at least RM500,000.

RHB Bank's involvement in the SMI sector is not confined to extending loans to entrepreneurs with small- and medium-sized businesses. The bank also proactively provides advisory services through its trade and marketing officers to help entrepreneurs improve networking with their counterparts overseas.

Chia added that borrowers must at least show that they have the capability to service and repay their loans.

"Entrepreneurs who want the loans for expansion must be able to come up with a credible and viable business plan, in line with the bank's prudent lending policies," she said.

RHB Bank also recently completed a reorganisation exercise that, among others, has resulted in more clearly defined marketing and operational functions, and the merger of the commercial and corporate banking divisions into enterprise banking.

"This will enable us to better focus our attention on the needs of both our business as well as consumer clients so that we can meet their individual needs more efficiently and adequately," Chia added.

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